

# Illinois Insurance

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## New mandates for utilization review registration

On July 10, the Department of Insurance issued a Company Bulletin (CB 2000-07) reminding all licensed companies of new mandates for utilization review registration in Illinois. Effective July 1, 2000, P.A. 91-617 requires all entities that review claims for medical necessity, except for workers compensation coverage, to register with the Department. More information on the new law will be available in the October issue of *Illinois Insurance*.

Summaries of other company bulletins issued in July follow. The full text of each is available on our website at: [www.state.il.us/ins/cb/cblist00.htm](http://www.state.il.us/ins/cb/cblist00.htm).

CB 2000-05 was issued July 25 to all long-term care insurers outlining requirements for Assisted Living Facilities benefits.

CB 2000-06 was issued July 6 to all Medicare Supplement carriers outlining coverage guarantees for Illinois residents whose Medicare HMOs are withdrawing from the market.

CB 2000-08 was issued July 11 to all health insurance companies and HMOs advising them that the Small Employer Health Insurance Rating Act is applicable to all Illinois employers, regardless of the situs of the group master contract.

CB 2000-09 was issued July 27 to all health insurance companies

and HMOs clarifying the use of age and group size in complying with the Small Employer Health Insurance Rating Act. ♦

### Several Medicare HMOs leaving Illinois market

The following HMOs have recently announced they will not renew their contracts for Medicare coverage with the federal Health Care Financing Administration. While most beneficiaries will have until December 31 to make a health insurance change, those who enrolled in an HMO for the first time and have been in that HMO for less than 12 months may need to make a health insurance decision prior to year end.

HMO Affected	Counties	# Insured
Aetna U. S. Healthcare	Cook, DuPage, Kane, Lake and Will	7100
Health Alliance	Cass, Christian, Knox, Logan, Macoupin, Marshall, Montgomery, Morgan, Peoria, Sangamon, Stark and Tazewell	2900
Humana Health Plan	Kankakee, Lake and Will	7500
Mercy Health Plans	Jersey	362
United Health Care of the Midwest	Monroe and St. Clair	no number available

Regardless of enrollment date, all beneficiaries are entitled to certain Medicare supplement guarantees if they choose to return to a traditional Medicare plan or they can enroll in another HMO if one is available in their area. A list of currently available Medicare HMOs by service area, as well as general information on termination of HMO coverage, is available on the Department's website at [www.state.il.us/ins/seniorhealth.htm](http://www.state.il.us/ins/seniorhealth.htm).

Medicare beneficiaries can also contact the Department's Senior Health Insurance Program (SHIP) toll-free at 1-800-548-9034 for up-to-date information and assistance. ♦

## Illinois adopts NAIC uniform company admission process

On June 30, Illinois became one of 30 states currently deemed a Uniform State by adopting the NAIC Uniform Certificate of Authority Application (UCAA). The UCAA can be used by an insurer who wishes to expand into one or more uniform states. Applications may be filed simultaneously in as many Uniform States as desired. A Uniform State is one that is committed to using the UCAA review process for company admissions.

There are two application forms—the Primary Application and the Expansion Application. Illinois does not anticipate using the Primary

Application. The Expansion Application is an abbreviated version of the UCAA designed to allow states to quickly and easily gain admission into new states. It is the goal of all Uniform States to complete their review of Expansion Applications within 60 days of receipt. The 60 day processing goal may not be achieved in instances where substantial follow-up is required, or in states with limited resources, or in instances when applications are filed during peak business periods such as year-end and annual statement filing periods.

The current Uniform States are:

Alabama, Alaska, Arizona, Arkansas, California, Colorado, District of Columbia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Michigan, Minnesota, Missouri, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, Washington, West Virginia and Wyoming.

Companies can access the UCAA through the Department's website at [www.state.il.us/ins/industryinfo.htm](http://www.state.il.us/ins/industryinfo.htm) (scroll to Admissions of Foreign or Alien Insurance Companies) or through the NAIC website at [www.naic.org/ucaa](http://www.naic.org/ucaa). ♦

## Health insurance complaints up; auto and homeowners down in 1999

Consumer complaints to the Illinois Department of Insurance increased by nearly 8 percent in 1999 according to information released by Director Nat Shapo.

The Department investigated 14,867 cases in 1999, up from 13,812 in 1998. Of that total, 5,466 were health insurance complaints—an increase of 23 percent from the previous year. Property and casualty

complaints decreased 15 percent, with auto insurance grievances down by 18 percent and homeowners by 1 percent. Claim handling remained the most common cause of complaints.

Among the health insurance lines, complaints against health maintenance organizations (HMOs) increased by 35 percent (from 1126 to 1521); group accident and health

complaints by 23.5 percent (from 2271 to 2806); and individual accident and health complaints by 7 percent (from 1061 to 1139).

Shapo cautioned that HMO complaint numbers were skewed by the problems of the now defunct American Health Care Providers (AHCP). Complaints against the HMO, which was placed in liquidation on May 11, 2000, were nearly five times higher than in 1998, and accounted for nearly one-fourth of all HMO complaints in 1999. "If AHCP's complaints were subtracted from the mix, total HMO complaints increased by only 2.6 percent from 1998," Shapo said. He also noted that commercial enrollment in HMOs increased by 1.5 percent in 1999.

The Managed Care Reform and Patient Rights Act signed into law by Governor George Ryan in August may also have had some impact on health insurance complaints in 1999 by raising consumer awareness. "Although the reform measures did not take effect until January 1, 2000, publicity about the new law, including a provision calling for the Department of Insurance to establish an Office of Consumer Health Insurance, may have encouraged more consumers to file formal complaints," Shapo remarked.

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### Illinois Insurance

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He also credited the Department's website with improving consumer awareness, noting that 439 complaints were filed electronically. Consumers can contact the Office of Consumer Health Insurance toll free at 877-527-9431 or file an electronic complaint at [www.state.il.us/ins](http://www.state.il.us/ins).

Shapo said the decline in auto insurance complaints speaks well for Illinois' competitive marketplace and underscores the importance of looking at a company's claims settlement and policyholder service records when comparison shopping. "Price alone is not an indicator of consumer satisfaction," he said.

The Department of Insurance calculates complaint ratios for all licensed HMOs regardless of the number of complaints and for auto, homeowners, life and accident and health insurance companies that receive ten or more complaints in a calendar year. Ratios measure the number of written grievances in relation to Illinois premium volume, policies or certificates in force or membership. A rank of 1 is the lowest ratio of all companies listed for a line of coverage.

Aggregate complaint statistics are presented below and on page 4. Complaint ratios by line of coverage begin on page 5. ♦

## Staff announcements

**Judy Pool** has been named Chief Casualty Actuary following the June 30th retirement of **Robert Gossrow**. An Associate of the Casualty Actuarial Society and past member of the American Academy of Actuaries Board of Directors, Bob's career with the Illinois Department spanned nearly 24 years.

Judy joined the Department as an Actuarial Assistant in 1992 and has been active in a number of NAIC projects, including the Casualty Actuarial Task Force, the Risk Based Capital Working Group, and the catastrophe reserve proposal. She holds a degree in Actuarial Science from the University of Illinois. ♦

### Comparison of Complaints by Coverage and Reason 1998–1999

Coverage	Underwriting	Marketing and Sales	Claim Handling	Policyholder Service	Total	% Change
Auto (1998)	641	199	3,422	139	4,401	
Auto (1999)	537	136	2,818	110	3,601	-18%
Homeowners (1998)	311	23	509	19	862	
Homeowners (1999)	308	29	481	33	851	-1%
Individual Life (1998)	50	190	158	456	854	
Individual Life (1999)	103	130	173	580	986	+15%
Individual Annuity (1998)	0	27	12	74	113	
Individual Annuity (1999)	0	23	20	79	122	+8%
Individual A&H (1998)	199	55	629	178	1,061	
Individual A&H (1999)	215	28	742	154	1,139	+7%
Group A&H (1998)	127	17	1,965	162	2,271	
Group A&H (1999)	147	11	2,479	169	2,806	+23.5%
Group Credit A&H (1998)	4	1	69	30	104	
Group Credit A&H (1999)	6	5	61	39	111	+7%
HMOs (1998)	40	1	1,056	29	1,126	
HMOs (1999)	42	3	1,441	35	1,521	*+35%

\*Includes 365 complaints against American Health Care Providers. Excluding those complaints, the total HMO complaints for 1999 drops to 1156, a change of +2.6 percent.

**1999 Composite of Insurance Complaints****Total Complaints Investigated**

HMO Complaints	1,521
Insurance Company Complaints	<u>10,279</u>
	11,800
Not Categorized	<u>3,067</u>
<b>Totals</b>	<b><u>14,867</u></b>

**Complaints by Line of Coverage**

Auto	3,601 (24%)	
Homeowners	851 (06%)	
Individual Life	986 (07%)	
Individual Accident & Health	1,139 (08%)	} 37%
Group Accident & Health	2,806 (19%)	
HMOs	1,521 (10%)	
Group Credit Accident & Health	111 (01%)	
Individual Annuity	122 (01%)	
All Other Coverages	663 (01%)	
Not Categorized	<u>3,067 (20%)</u>	
<b>Totals</b>	<b>14,867 (100%)</b>	

**Major Reasons for Complaints**

	<b>Insurance Companies</b>	<b>HMOs</b>
Claim Handling	7,162 (70%)	1,441 (95%)
Underwriting	1,434 (14%)	42 (02%)
Policyholder Service	1,293 (12%)	35 (02%)
Marketing and Sales	<u>390 (04%)</u>	<u>3 (01%)</u>
<b>Totals</b>	<b>10,279 (100%)</b>	<b>1,521 (100%)</b>

**Distribution of Complaints by Zip Code**

	<b>Insurance Companies</b>	<b>HMOs</b>
Metro Cook County (600–605)	3,815 (37%)	810 (53%)
Chicago (606)	2,285 (22%)	249 (17%)
Downstate (607–629)	3,327 (32%)	414 (27%)
Outside Illinois	<u>852 (09%)</u>	<u>48 (03%)</u>
<b>Totals</b>	<b>10,279 (100%)</b>	<b>1,521 (100%)</b>

## 1999 Complaint Ratios by Line of Coverage

### 1999 Complaint Ratio per \$1 Million of Direct Premiums Written in Illinois Insurance Companies Showing 10 or More Complaints For Coverage Type—Private Passenger Automobile

Name	Complaints	1999 Written Premium	1999 Complaint Ratio	1999 Ranking
ALLSTATE INSURANCE COMPANY	235	489,018,021	.48	13
AMERICAN AMBASSADOR CASUALTY COMPANY	278	78,009,538	3.56	30
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	93	191,336,677	.48	14
AMERICAN FREEDOM INSURANCE COMPANY	28	7,856,872	3.56	31
AMERICAN HEARTLAND INSURANCE COMPANY	23	11,660,662	1.97	24
AMERICAN INDEMNITY COMPANY	27	6,370,071	4.23	35
AMERICAN SERVICE INSURANCE COMPANY INC	107	38,227,671	2.79	26
AMERICAN STANDARD INSURANCE CO OF WI	13	29,044,499	.44	10
APOLLO CASUALTY COMPANY	85	22,974,215	3.69	32
CONSTITUTIONAL CASUALTY COMPANY	21	12,105,174	1.73	22
COUNTRY MUTUAL INSURANCE COMPANY	44	280,950,492	.15	1
ECONOMY FIRE & CASUALTY COMPANY	21	50,500,306	.41	8
ECONOMY PREFERRED INSURANCE COMPANY	18	77,180,583	.23	4
FARMERS AUTOMOBILE INSURANCE ASSN THE	11	43,667,144	.25	5
FOUNDERS INSURANCE COMPANY	96	32,785,457	2.92	29
GALLANT INSURANCE COMPANY	158	41,142,302	3.84	33
GEICO GENERAL INSURANCE COMPANY	25	50,954,612	.49	15
GENERAL CASUALTY COMPANY OF ILLINOIS	10	36,630,321	.27	6
GOVERNMENT EMPLOYEES INSURANCE COMPANY	11	24,567,594	.44	11
HARTFORD INSURANCE CO OF THE MIDWEST	44	42,737,020	1.02	20
ILLINOIS FARMERS INSURANCE COMPANY	86	235,644,795	.36	7
INDIANA INSURANCE COMPANY	11	13,901,784	.79	19
INTERSTATE BANKERS CASUALTY COMPANY	34	7,362,829	4.61	37
LIBERTY MUTUAL FIRE INSURANCE COMPANY	12	27,687,334	.43	9
MID CENTURY INSURANCE COMPANY	10	57,563,672	.17	2
NATIONAL HERITAGE INSURANCE COMPANY	32	3,879,966	8.24	39
NATIONWIDE MUTUAL INSURANCE COMPANY	20	40,704,055	.49	16
OAK CASUALTY INSURANCE COMPANY	31	5,131,171	6.04	38
PROGRESSIVE CASUALTY INSURANCE COMPANY	14	6,217,202	2.25	25
ROCKFORD MUTUAL INSURANCE COMPANY	16	11,940,274	1.34	21
SAFECO INSURANCE COMPANY OF ILLINOIS	11	6,252,473	1.75	23
SAFEWAY INSURANCE COMPANY	116	26,819,068	4.32	36
SHELBY INSURANCE COMPANY THE	12	2,997,637	4.00	34
STANDARD MUTUAL INSURANCE COMPANY	14	21,268,713	.65	18
STATE FARM MUTUAL AUTOMOBILE INSURANCE C	283	1,342,085,758	.21	3
UNIQUE INSURANCE COMPANY	13	4,642,861	2.79	27
UNITED SERVICES AUTOMOBILE ASSOCIATION	19	37,299,823	.50	17
UNIVERSAL CASUALTY COMPANY	498	44,073,539	11.29	40
VALOR INSURANCE COMPANY	164	56,768,558	2.88	28
WEST AMERICAN INSURANCE COMPANY	12	25,482,635	.47	12

### 1999 Complaint Ratio per \$1 Million of Direct Premiums Written in Illinois Insurance Companies Showing 10 or More Complaints For Coverage Type—Homeowners

Name	Complaints	1999 Written Premium	1999 Complaint Ratio	1999 Ranking
ALLSTATE INSURANCE COMPANY	115	163,727,190	.70	5
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	72	67,198,725	1.07	7
COUNTRY MUTUAL INSURANCE COMPANY	27	80,564,910	.33	1
ECONOMY PREFERRED INSURANCE COMPANY	22	40,994,890	.53	4
ILLINOIS FARMERS INSURANCE COMPANY	72	81,249,464	.88	6
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY	15	11,242,618	1.33	8
PRUDENTIAL PROPERTY & CASUALTY INS CO	16	11,746,660	1.36	9
SAFECO INSURANCE COMPANY OF ILLINOIS	12	27,194,306	.44	3
STATE FARM FIRE & CASUALTY COMPANY	137	391,428,200	.35	2

**1999 Complaint Ratio per 10,000 Policies in Force for Illinois Business  
Insurance Companies Showing 10 or More Complaints  
For Coverage Type—Individual Life**

Name	Complaints	Policies In Force 12/31/99	1999 Complaint Ratio	1999 Ranking
ALLSTATE LIFE INSURANCE COMPANY	13	106,565	1.21	7
AMERICAN GENERAL LIFE & ACCIDENT INS CO	28	143,483	1.95	16
ATLANTA LIFE INSURANCE COMPANY	18	92,508	1.94	15
COMBINED INSURANCE COMPANY OF AMERICA	16	41,673	3.83	19
COUNTRY LIFE INSURANCE COMPANY	21	413,526	.50	2
EQUITABLE LIFE ASSURANCE SOCIETY OF U S	19	149,623	1.26	9
FORT DEARBORN LIFE INSURANCE COMPANY	10	41,024	2.43	17
FRANKLIN LIFE INSURANCE COMPANY THE	12	72,381	1.65	13
GLOBE LIFE & ACCIDENT INSURANCE COMPANY	28	201,346	1.39	11
GUARANTEE RESERVE LIFE INSURANCE COMPANY	21	19,161	10.95	20
JACKSON NATIONAL LIFE INSURANCE COMPANY	12	72,509	1.65	14
JOHN HANCOCK LIFE INSURANCE COMPANY	21	170,450	1.23	8
METROPOLITAN LIFE INSURANCE COMPANY	56	891,079	.62	3
MONUMENTAL LIFE INSURANCE COMPANY	58	360,128	1.61	12
NEW YORK LIFE INSURANCE COMPANY	16	178,528	.89	4
PRIMERICA LIFE INSURANCE COMPANY	11	82,597	1.33	10
PRUDENTIAL INSURANCE COMPANY OF AMERICA	104	997,571	1.04	6
STATE FARM LIFE INSURANCE COMPANY	13	367,649	.35	1
UNITED INSURANCE COMPANY OF AMERICA	28	269,299	1.03	5
WESTERN SOUTHERN LIFE ASSURANCE COMPANY	10	28,290	3.53	18

**1999 Complaint Ratio per 10,000 Members for Illinois Business  
Limited Health Service Organizations**

Name	Complaints	Total Illinois Members as of 12/31/99	Non-Medicaid/ Non-Medicare Members as of 12/31/99	1999* Complaint Ratio	1999 Ranking
COMPENENT OF ILLINOIS INC	20	166,850	166,850	1.19	1
FIRST COMMONWEALTH LTD HEALTH SERV CORP	1	4,543	4,543	2.20	2

\*Total Adjusted to Delete Medicaid/Medicare Members

\*\*Complaint Ratio Based on "Adjusted" Members

**1999 Complaint Ratio per 10,000 Members for Illinois Business  
Service Organizations**

Name	Complaints	Total Illinois Members as of 12/31/99	Non-Medicaid/ Non-Medicare Members as of 12/31/99	1999* Complaint Ratio	1999 Ranking
DELTA DENTAL PLAN OF ILLINOIS	11	919,542	919,542	.11	1
DENTAL CARE OF AMERICA INC	1	932	932	10.72	4
HEALTH CARE SERVICE CORP MUT LEG RES CO	2	156,611	156,611	.12	2
HEALTH CARE SYSTEMS INC	2	36,490	36,490	.54	3

\*Total Adjusted to Delete Medicaid/Medicare Members

\*\*Complaint Ratio Based on "Adjusted" Members



**1999 Complaint Ratio per 10,000 Policies in Force for Illinois Business  
Insurance Companies Showing 10 or More Complaints  
For Coverage Type—Individual A & H**

Name	Complaints	Policies In Force 12/31/99	1999 Complaint Ratio	1999 Ranking
AMERICAN COMMUNITY MUTUAL INSURANCE CO	64	11,409	56.09	20
AMERICAN FAMILY LIFE ASSR CO OF COLUMBUS	14	208,332	.67	2
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	22	17,643	12.46	12
AMERICAN REPUBLIC INSURANCE COMPANY	12	20,664	5.80	4
BANKERS LIFE & CASUALTY COMPANY	23	26,504	8.67	8
COMBINED INSURANCE COMPANY OF AMERICA	17	259,131	.65	1
CONSECO HEALTH INSURANCE COMPANY	26	9,510	27.33	17
CONSECO SENIOR HEALTH INSURANCE COMPANY	18	16,913	10.64	9
COUNTRY LIFE INSURANCE COMPANY	21	54,759	3.83	3
FORTIS INSURANCE COMPANY	46	18,530	24.82	15
GOLDEN RULE INSURANCE COMPANY	17	6,644	25.58	16
HEALTH CARE SERVICE CORP MUT LEG RES CO	236	307,364	7.67	7
ILLINOIS HEALTHCARE INSURANCE COMPANY	33	8,320	39.66	19
PEKIN LIFE INSURANCE COMPANY	19	15,714	12.09	11
PENN TREATY NETWORK AMERICA INS CO	15	11,184	13.41	13
PHYSICIANS MUTUAL INSURANCE COMPANY	26	43,054	6.03	6
PIONEER LIFE INSURANCE COMPANY	39	17,281	22.56	14
TRUSTMARK INSURANCE COMPANY	14	4,857	28.82	18
UNICARE LIFE & HEALTH INSURANCE COMPANY	23	20,890	11.01	10
UNITED AMERICAN INSURANCE COMPANY	11	18,249	6.02	5
UNITED TEACHER ASSOCIATES INSURANCE CO	22	861	255.51	21

**1999 Complaint Ratio per 10,000 Certificates in Force for Illinois Business  
Insurance Companies Showing 10 or More Complaints  
For Coverage Type—Group A & H**

Name	Complaints	Certificates in Force 12/31/99	1999 Complaint Ratio	1999 Ranking
AETNA LIFE INSURANCE COMPANY	44	172,855	2.54	10
ALTA HEALTH & LIFE INSURANCE COMPANY	17	26,957	6.30	20
AMERICAN CHAMBERS LIFE INSURANCE COMPANY	16	2,174	73.59	36
AMERICAN COMMUNITY MUTUAL INSURANCE CO	17	6,259	27.16	32
AMERICAN UNIFIED LIFE & HEALTH INS CO	12	10,000	12.00	28
CELTIC INSURANCE COMPANY	26	4,262	61.00	35
CONNECTICUT GENERAL LIFE INSURANCE CO	63	340,205	1.85	8
CONSECO HEALTH INSURANCE COMPANY	10	37,474	2.66	11
CONSECO MEDICAL INSURANCE COMPANY	52	11,110	46.80	34
CONTINENTAL ASSURANCE COMPANY	12	357,842	.33	2
CONTINENTAL CASUALTY COMPANY	29	318,859	.90	4
COUNTRY LIFE INSURANCE COMPANY	16	22,869	6.99	21
EMPLOYERS HEALTH INSURANCE COMPANY	19	107,168	1.77	6
FORTIS BENEFITS INSURANCE COMPANY	20	143,780	1.39	5
GOLDEN RULE INSURANCE COMPANY	25	9,412	26.56	31
GUARDIAN LIFE INSURANCE COMPANY OF AM	59	111,860	5.27	16
HEALTH ALLIANCE MEDICAL PLANS INC	19	69,172	2.74	12
HEALTH CARE SERVICE CORP MUT LEG RES CO	161	302,464	5.32	17
HUMANA INSURANCE COMPANY	28	9,263	30.22	33
JOHN ALDEN LIFE INSURANCE COMPANY	31	41,642	7.44	23
LIFE INSURANCE COMPANY OF NORTH AMERICA	11	47,910	2.29	9
NEW YORK LIFE INSURANCE COMPANY	10	7,806	12.81	29
PERSONALCARE INSURANCE OF ILLINOIS INC	10	9,066	11.03	27
PRINCIPAL LIFE INSURANCE COMPANY	46	76,127	6.04	19
PROVIDENT AMERICAN LIFE & HEALTH INS CO	18	2,090	86.12	38
PRUDENTIAL INSURANCE COMPANY OF AMERICA	74	256,562	2.88	13
TRUSTMARK INSURANCE COMPANY	91	296,827	3.06	14
UNICARE HEALTH INSURANCE CO OF THE MW	56	54,047	10.36	26
UNICARE LIFE & HEALTH INSURANCE COMPANY	19	35,202	5.39	18
UNITED HEALTHCARE INSURANCE CO OF IL	102	62,079	16.43	30
UNITED HEALTHCARE INSURANCE COMPANY	35	189,769	1.84	7
UNITED OF OMAHA LIFE INSURANCE COMPANY	11	203,723	.53	3
UNITED SECURITY LIFE INSURANCE CO OF IL	20	2,660	75.18	37
UNITED STATES LIFE INSURANCE CO OF NY	11	27,142	4.05	15
UNITED WISCONSIN LIFE INSURANCE COMPANY	27	31,187	8.65	24
UNUM LIFE INSURANCE COMPANY OF AMERICA	10	856,583	.11	1
WASHINGTON NATIONAL INSURANCE COMPANY	23	30,963	7.42	22
WELLMARK COMMUNITY INSURANCE INC	20	19,392	10.31	25

## 1999 Complaint Ratio per 10,000 Members for Illinois Business Health Maintenance Organizations

Name	Complaints	Total Illinois Members as of 12/31/99	Non-Medicaid/Non-Medicare Members as of 12/31/99	1999** Complaint Ratio	1999 Ranking
AETNA U S HEALTHCARE OF ILLINOIS INC	89	128,759	120,423	7.39	15
AMERICAN HEALTH CARE PROVIDERS INC	365	88,199	60,876	59.95	20
BENCHMARK HEALTH INSURANCE COMPANY	1	6,868	6,868	1.45	2
CIGNA HEALTHCARE OF ILLINOIS INC	23	232,885	232,885	.98	1
GROUP HEALTH PLAN INC	59	49,511	36,663	16.09	19
HEALTH ALLIANCE MEDICAL PLANS INC	82	145,717	139,244	5.88	11
HEALTH CARE SERVICE CORP MUT LEG RES CO	314	755,847	755,847	4.15	9
HEALTH PARTNERS OF THE MIDWEST	5	7,966	7,966	6.27	12
HUMANA HEALTH PLAN INC	123	361,206	261,734	4.69	10
HUMANA HEALTHCHICAGO INC	12	35,776	35,776	3.35	6
JOHN DEERE HEALTH PLAN INC	19	27,921	27,468	6.91	14
ONE HEALTH PLAN OF ILLINOIS INC	9	25,290	25,290	3.55	7
OSF HEALTH PLANS INC	20	63,505	62,316	3.20	5
PERSONALCARE INSURANCE OF ILLINOIS INC	24	63,460	63,460	3.78	8
PRUDENTIAL HEALTH CARE PLAN INC	17	17,546	17,546	9.68	17
ROCKFORD HEALTH PLANS INC	38	49,527	49,527	7.67	16
RUSH PRUDENTIAL HMO INC	161	241,195	237,527	6.77	13
UIHMO INC	3	12,152	12,152	2.46	4
UNITED HEALTHCARE OF ILLINOIS INC	148	221,021	121,344	12.19	18
UNITED HEALTHCARE OF THE MIDWEST INC	6	35,186	30,855	1.94	3
UNITY HMO OF ILLINOIS INC	3	174	174	172.41	21

\*Total Adjusted to Delete Medicaid/Medicare Members

\*\*Complaint Ratio Based on "Adjusted" Members

## Illinois Licensed Health Maintenance Organizations Having Commercial Enrollment but No Complaints

	Total Illinois Members as of 12/31/99	Non-Medicaid/Non-Medicare Members as of 12/31/99
ACCORD HEALTH PLAN	5,796	5,452
BCI HMO INC	4,364	4,364
CIGNA HEALTHCARE OF ST LOUIS INC	1,453	1,453
COMMUNITY HEALTH PLAN OF SBL INS CO	4,906	4,906
COUNTRY MEDICAL PLANS INC	3,857	3,857
HEALTH ALLIANCE MIDWEST INC	565	565
ILLINOIS MASONIC COMMUNITY HLTH PLN CORP	3,886	3,157
MEDICAL ASSOCIATES HEALTH PLAN INC	3,136	2,521
MERCY HEALTH PLANS OF MISSOURI INC	3,582	3,582
UNION HEALTH SERVICE INC	26,187	24,571

## Department rules review

The full text of Department rules is printed in the *Illinois Register* published weekly by the Illinois Secretary of State's Index Department, 111 E. Monroe St., Springfield, IL 62756. Subscriptions are available from that source for an annual fee of \$290. Issue numbers and a Department contact person are listed below after each rule summary.

Copies of rules are also available upon written request to the Department of Insurance at a \$1 per page charge. Adopted rules are codified in Title 50 of the Illinois Administrative Code.

**\*Rule 945** (Admitted Assets) was adopted on a permanent basis effective May 30, 2000. An emergency rule had been in effect to clarify

the definition of "admitted assets" as used in financial statements required by the Illinois Insurance Code and Health Maintenance Organization Act. (Vol. 24, #25; Chuck Feinen)

**Rule 2510** (Annual Privilege Tax) was amended July 1, 2000, to clarify which base of business is to be used when allocating the premiums on a unitary group basis for taxation. The



company is to use Illinois premium in its calculation. (Vol. 24, #29; Chuck Feinen)

**Rule 2515** (Annual Retaliatory Tax) was amended July 1, 2000, to clarify the existing regulations concerning using amounts on a "paid" basis instead of a "liability" basis; explain that cash refunds of the Illinois Corporate and Replacement Income Tax reduce the amount of Illinois Corporate and Replacement Income Tax paid in the year the refund is received for the purposes of calculating retaliatory tax; and provide further definition of the amounts to be included in the calculation of the retaliatory tax and other clarifications. (Vol. 24, #29; Chuck Feinen)

**Rule 2525** (Overpayments, Refunds, Amendments and Penalties) was amended July 1, 2000, to provide the procedures by which an overpayment of taxes paid may be used and how such established overpayment may be transferred. It also sets forth the requirements of filing an amended return and the possible penalties that could be assessed for the failure to make timely payment of fees, charges and taxes. The rule has one illustration which describes the information required in the Notice of Transfer of Overpayments. The amendments clarify current language and set forth the procedure by which an entity can claim a cash refund pursuant to P.A. 91-0643. (Vol. 24, #29; Chuck Feinen)

**\*Rule 5420** (Managed Care & Patient Rights) was amended on July 1, 2000, to implement the provisions of P.A. 91-617 which empowered the Department to draft regulations for the registration of utilization review programs and to establish fees for such registration. (Vol. 24, #28; David Grant)

\*Text is available on the Department's website at [www.state.il.us/ins/industryinfo.htm](http://www.state.il.us/ins/industryinfo.htm). ♦

## Three liquidation orders entered

The Circuit Court of Cook County recently granted Director Nat Shapo's request for an Order of Liquidation with a finding of insolvency against two Illinois health insurance companies and an INEX Insurance Exchange syndicate. **American Unified Life and Health Insurance Company** (AULH), Richton Park, was placed in liquidation on June 27; Bloomington-based **Illinois HealthCare Insurance Company**, on June 30; and **RCA Syndicate #1, Ltd.**, on June 5.

**AULH** was incorporated and licensed in January 1996. The company is an affiliate of American Health Care Providers, Inc., HMO (AHCP) which was placed in liquidation on May 11. The Agreed Order of Liquidation was based on the Insurance Department's finding that the company's policyholder surplus was impaired by an amount in excess of \$1 million. AULH's most recent financial statements reflect approximately \$2.4 million in direct premium as of December 31, 1999. The company provided out-of-network medical coverage for point of service (POS) and preferred provider organization (PPO) contracts marketed by its affiliate AHCP. AULH provided coverage in northern and central Illinois to commercial groups and State of Illinois employees.

AULH had been under an Order of Conservation since February 2. The liquidation order prohibits health care service providers (doctors, hospitals, clinics, etc.) from seeking to recover directly from any policyholder amounts owed by AULH. Policyholders are responsible for applicable co-payments or deductibles for covered services, as well as fees for services not covered by AULH.

**Illinois HealthCare** was incorporated and licensed in March 1997. The Agreed Order of Liquidation was based on the Insurance Department's finding that the company's policyholders surplus was impaired by an

amount in excess of \$2 million. Illinois HealthCare's most recent financial statements reflect approximately \$20 million in direct premium as of December 31, 1999. The company wrote primarily individual accident and health insurance in central Illinois, as well as in the states of Indiana and Ohio.

Subject to statutory limitations, the Illinois Life and Health Insurance Guaranty Association will be responsible for the covered health claims of all Illinois policyholders of both companies up to \$300,000 per person.

**RCA** commenced business in 1982 under the rules and regulations of the former Illinois Insurance Exchange (now known as INEX). A wholly owned subsidiary of L & W Holdings, Inc., a Nevada domiciled insurance holding company, RCA has been in runoff for over one year. The company wrote direct and assumed reinsurance under various programs of commercial auto liability and physical damage, general liability, garage keepers, used car dealers, sand and gravel haulers, as well as insurance agents' errors and omissions in several states on an excess and surplus lines basis.

RCA's policyholder surplus was impaired by over \$2 million. The company has been under an Order of Conservation since May 11, 2000, and will continue under Director Shapo's control in liquidation.

RCA is a member of the INEX Insurance Exchange Guaranty Fund, which may provide up to an aggregate \$15 million of coverage, not to exceed \$300,000 per claimant, to assist the liquidator in meeting obligations of policyholders.

All liquidation proceedings are being handled on behalf of the Director of Insurance by the Office of the Special Deputy Receiver, 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654; (312) 836-9500. ♦

## Producer regulatory action

(Copies of regulatory orders are available upon written request to the Producer Regulatory Unit, for \$1/page. The number of pages are indicated in parentheses following the effective date.)

### Stipulation and Consent Order—Civil Forfeiture Paid

John J. Adamiec  
1819 North Newland Avenue  
Chicago, IL 60707  
Effective 05/25/00 (3)

Leon Adams  
1740 Mission Hills Road, Apt. 401  
Northbrook, IL 60062  
Effective 06/21/00 (5)

Nicholas P. Bell  
2470 North Clark #207  
Chicago, IL 60614  
Effective 05/15/00 (3)

Phillip Engelberg  
2506 Oakwood Drive  
Olympia Fields, IL 60461  
Effective 05/03/00 (4)

Craig Reid Hoefflin  
520 Woodland Drive  
Clinton, IA 52720  
Effective 04/12/00 (3)

John H. Horrigan  
1216 West Road  
Joliet, IL 60435  
Effective 04/13/00 (3)

Insure On The Spot  
7142 West Belmont Avenue  
Chicago, IL 60634  
Effective 06/12/00 (4)

Michael G. Kariotis  
3810 Timbers Edge Drive  
Glenview, IL 60025  
Effective 06/12/00 (4)

Ronald Mills Johnston  
2404 Springrock Avenue  
Rockford, IL 61107  
Effective 05/19/00 (4)

Dennis D. Leezer  
26005 North County 16 Highway  
Canton, IL 61520  
Effective 05/26/00 (4)

Leezer Insurance Agency  
106 West Side Square, PO Box 248  
Table Grove, IL 61482  
Effective 05/26/00 (4)

Marvell Towers Insurance  
Agencies, Inc.  
435 North LaSalle Street  
Chicago, IL 60610  
Effective 05/03/00 (4)

Jeffrey S. Miller  
126 Barr Avenue  
Jerseyville, IL 62052  
Effective 04/21/00 (4)

Paul Miller Insurance Agency, Inc.  
117 South Washington, PO Box 338  
Jerseyville, IL 62052  
Effective 04/21/00 (4)

Michael L. Peery  
6749 South Oglesby #1A  
Chicago, IL 60649  
Effective 03/02/00 (3)

Marshall A. Rabovsky  
435 North LaSalle Street  
Chicago, IL 60610  
Effective 05/03/00 (4)

Donna R. Siders  
887 East 1400N Road  
Melvin, IL 60952  
Effective 06/02/00 (4)

Talro Insurance Agency Inc.  
25 West Hubbard, 3rd Floor  
Chicago, IL 60610  
Effective 06/21/00 (5)

Arthur Wirth  
725 Apple Tree Lane  
Glencoe, IL 60022  
Effective 06/21/00 (5)

### Revocation of Licensing Authority

James Charles  
11151 South Esmond Avenue  
Chicago, IL 60643  
Effective 05/05/00 (6)

Kenneth K. Getty  
4148 South Maple  
Lyons, IL 60534  
Effective 06/14/00 (2)

### Stipulation and Consent Order—No Civil Forfeiture

Arnette V. Bradley  
4940 East Avenue, #160  
Chicago, IL 60615  
Effective 06/29/00 (3)

Roger Hart  
109 Oxford Court  
Oswego, IL 60543  
Effective 05/19/00 (3)

Claude Edward Robinson  
1226 East Monroe  
Phoenix, AZ 85034  
Effective 05/15/00 (4)

Charles D. Schrader  
314282930 North Avenue  
LaMolille, IL 61330  
Effective 05/15/00 (4)

Martin K. Tipsord  
1020 North Courtland Street  
RR 1 Box 29  
Saybrook, IL 61170  
Effective 06/29/00 (3)

### Denial of Request for License

Richard K. Jackson  
2950 Valley View Avenue  
Salt Lake City, UT 84117  
Effective 06/14/00 (2)

Brian D. Moran  
734 Nippersink  
Roundlake, IL 60073  
Effective 06/07/00 (2)

Kevin M. Price  
61 Marquette Drive  
Manteno, IL 60950  
Effective 06/21/00 (3)

### License Revocation Reversed

Thomas R. Koonce  
105 Wingate Drive  
Tremont, IL 61568  
Effective 4/28/00; filed for  
Administrative Review

### License Suspension Lifted

Arthur N. Wilson  
802 East Glenwood Dyer Road  
Glenwood, IL 60425  
Effective 05/11/00

## License Suspension

John H. Bell  
1315 School Street, Apt. #1  
Rockford, IL 61101  
Effective 05/11/00 (2)

David Kielma  
676 Elsinour Lane  
Crystal Lake, IL 60014  
Effective 05/10/00 (3)

Ramon A. Prieto  
3308 South 59th Avenue  
Cicero, IL 60650  
Effective 05/11/00 (2)

Yolando Prieto  
3308 South 59th Avenue  
Cicero, IL 60804  
Effective 05/11/00 (2)

Douglas Roosevelt  
7633 South Campbell  
Chicago, IL 60659  
Effective 05/11/00 (2)

Donald L. Wagenbach  
411 Brookcrest Drive  
Washington, IL 61571  
Effective 05/15/00 (2) ♦

## Exam reports filed

### Financial

Christian Homes Workers  
Compensation Trust  
06/29/00  
Discover Property & Casualty  
Insurance Company, (formerly  
Northbrook National Insurance  
Company)  
06/01/00  
Illinois Restaurant Risk  
Management Association, Inc.  
05/17/00  
International Insurance Company  
07/07/00  
McDonald's Operators Risk  
Management Association  
06/21/00  
NASHUA Mutual Insurance  
Company  
06/01/00

## Revisions to L/A&H form filing submissions

This edition of *Illinois Insurance* focuses on the problems and proper procedures for correcting form filing materials previously submitted.

When revisions are necessary, the Department sends a letter to the designated company contact person, noting the company name, Federal Identification Number (FEIN), original company filing number and date of submission. In such cases, it is important that the **corrected filing be submitted** with the **original filing number**. If the company assigns a new filing number, the reply is treated as a new submission and our computer system cannot match the correction to the pending file.

**Matrix Insert Page (MIP) and Schedule Page (SCP) Submissions** allow the company to assign a unique form number to each schedule page and other additional pages that are part of the policy form. Once approved, this type of submission enables the company to submit revisions for specific schedule and additional pages without resubmitting the entire policy or certificate form. However, if the company filed a policy form and schedule pages as an

entire contract using only one form number, schedule pages cannot be individually added or replaced at a later date.

**A reminder:** the Department mailed the software for policy form transmittals to all life, accident and health insurers the week of July 24, 2000. Questions on that material or suggestions for topics to be addressed in future editions of our newsletter should be sent to:

Gary Brooks  
PEDS Coordinator  
(217) 785-6441  
[gary\\_brooks@ins.state.il.us](mailto:gary_brooks@ins.state.il.us) ♦

## Company action

### Market Conduct Fines

The following entities were issued Stipulation and Consent Orders and fined for Insurance Code violations and/or improper claims practices cited in their Illinois market conduct examinations:

American International  
Companies, NY, 6/29/00; \$25,000

### New Admissions

Destiny Health Insurance  
Company, IL, 5/15/00  
Guarantor's Assurance  
Protection, Inc., IL, 6/8/00

### Terminations

American Chambers Life  
Insurance Company, OH, was  
placed in liquidation on 5/8/00;  
Illinois license was revoked on  
7/7/00.

American Unified Life and  
Health Insurance Company, IL, was  
placed in liquidation on 6/27/00.

Illinois HealthCare Insurance  
Company, IL, was placed in  
liquidation on 6/30/00.

RCA Syndicate #1, Ltd., IL, was  
placed in liquidation on 6/5/00. ♦

### Market Conduct

American International Companies  
06/29/00  
Hallmark Insurance Company  
07/12/00 ♦

# Hearings

## Scheduled Hearings:

Diamond Insurance Company  
Hearing No. 3794  
Corrective order 8/3/00

Reece Ebert  
Allstate Insurance Company  
Hearing No. 3792A  
Cancellation 8/1/00

Dorothy Geller  
National Ben Franklin Insurance  
Company of Illinois  
Hearing No. 3793  
Nonrenewal 8/9/00

William L. Schaer  
Hearing No. 3780  
Denial of license request 8/10/00

## Completed Hearings:

Lovie Mae Coats  
Allstate Insurance Company  
Hearing No. 3789  
Nonrenewal effective 7/12/00

Matthew F. Hale  
United Equitable Insurance Co.  
Hearing No. 3783  
Cancellation invalid; policy  
reinstated 6/2/00

Danny & Deborah Houston  
American Family Mutual Ins. Co.  
Hearing No. 3786  
Nonrenewal effective 7/5/00

Elbert Jordan  
State Farm Mutual Auto. Ins. Co.  
Hearing No. 3781  
Cancellation effective 5/30/00

John D. Livermore  
Hearing No. 3766  
Order of revocation rescinded  
5/23/00

Terry Sizemore  
Allstate Insurance Company  
Hearing No. 3782  
Nonrenewal voided;  
Policy renewed 6/1/00

## Matters Settled without Hearing:

American Unified Life & Health  
Insurance Company  
American Health Care Providers,  
Inc.  
Dismissed 7/24/00  
Hearing No. 3767

Illinois Grocers Risk Management  
Association  
Stipulation and consent order  
6/20/00  
Hearing No. 3772

Illinois Non Profit Management  
Association  
Stipulation and consent order  
6/20/00  
Hearing No. 3770

Paul Taxey  
General Casualty Company of IL  
Dismissed 7/21/00  
Hearing No. 3791

Illinois Department of Insurance  
320 West Washington Street  
Springfield, Illinois 62767

Address Service Requested

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